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RON GRUNBERG/LONDON

BRITAIN WITH CALLAGHAN: CONTINUITY

ANNCR:

BRITAIN'S NEW PRIME MINISTER, JAMES CALLAGHAN, COMES TO OFFICE WITH WIDE MINISTERIAL EXPERIENCE, WITH FEW POLITICAL ENEMIES. CONTINUITY IN BRITAIN'S DOMESTIC AND FOREIGN POLICY SEEMS ASSURED. WITH A DISCUSSION OF THE ISSUES MR. CALLAGHAN FACES, HERE IS CORRESPONDENT RON GRUNBERG IN LONDON.

VOICE:

ONCE PROPOSALS ARE MADE BY THE GOVERNMENT TO IMPROVE LIVING CONDITIONS, THERE HAS TO BE AGREEMENT FROM THE MOST POWERFUL GROUPS IN THE COUNTRY TO HELP CARRY THEM OUT. BRITAIN, UNDER HAROLD WILSON AS PRIME MINISTER, WORKED OUT A PLAN THE GOVERNMENT HOPES WILL LEAD TO ECONOMIC RECOVERY. CONSERVATIVE PARTY SUPPORT WASN'T NEEDED BECAUSE THE LABOR PARTY HAD A MAJORITY IN THE HOUSE OF COMMONS. THERE REMAINED TWO PROBLEMS -- KEEPING TOGETHER THE IDEOLOGICALLY SPLIT LABOR PARTY IN THE COMMONS AND ENLISTING THE SUPPORT OF THE MOST POWERFUL GROUP OUTSIDE THE GOVERNMENT -- THE TRADE UNIONS. UNDER MR. WILSON, THE TRADE UNION LEADERS AGREED TO VOLUNTARY WAGE RESTRAINT FOR ONE YEAR. AND UNDER HIS ASTUTE POLITICAL MANEUVERINGS, THE LABOR PARTY -- SPLIT BETWEEN SOCIAL DEMOCRATS ON ONE SIDE AND SOCIALISTS ON THE OTHER -- HAS STAYED TOGETHER, TOO. SO WHILE THERE IS NO DRAMATIC ECONOMIC IMPROVEMENT OF LATE, THERE IS REASON TO EXPECT THE POLICIES DRAFTED OVER THE LAST YEAR WILL PRODUCE EFFECT IN THE COMING MONTHS.

THE QUESTION NOW IS HOW WILL THE ASCENSION OF JAMES CALLAGHAN TO THE TOP GOVERNMENT JOB AFFECT HIS MAJOR BRITISH POLICY. ALL SIGNS INDICATE THERE WILL BE CONTINUITY UNDER

MR. CALLAGHAN, THAT NO MAJOR ECONOMIC ARRANGEMENTS WILL FALL APART, THAT SPECIFICALLY THE PARTY WILL STAY TOGETHER AND THE TRADE UNIONS WILL CONTINUE THEIR SUPPORT. AND IT SEEMS ALSO THERE WILL BE LESS CHANCE OF CONSERVATIVE PARTY OPPOSITION TO THE GOVERNMENT PRECIPITATING GENERAL ELECTIONS ANYTIME SOON, THUS POSSIBLY DISRUPTING THE ECONOMIC NEGOTIATIONS.

THIS IS SO BECAUSE THE ELECTION AMONG LABOR MEMBERS OF PARLIAMENT WAS WON BY MR. CALLAGHAN, NOT MICHAEL FOOT, HIS CHIEF RIVAL, THE EMPLOYMENT SECRETARY, FROM THE PARTY'S LEFT-WING. OPINION SURVEYS HAVE SHOWN MR. CALLAGHAN WAS THE CHOICE OF THE LABOR PARTY VOTERS IN THE COUNTRY; MR. FOOT, WAS SUPPORTED ONLY BY A MINORITY OF THEM. SO, THE ARGUMENT WENT, HAD MR. FOOT WON, THERE WOULD HAVE BEEN GROWING POPULAR SUPPORT FOR NEW ELECTIONS WHICH WOULD BRING TO OFFICE THE CONSERVATIVE PARTY UNDER MARGARET THATCHER.

THERE SHOULD BE NO CHANGE IN BRITAIN'S FOREIGN POLICY. MR. CALLAGHAN, WAS FOR THE LAST TWO YEARS FOREIGN SECRETARY AND HE, OF COURSE, AS PRIME MINISTER WOULD SEEK TO CARRY OUT THE SAME POLICIES. A CLOSE RELATIONSHIP WITH THE UNITED STATES HAS BEEN STRESSED, AND THE GOVERNMENT'S MAJOR PREOCCUPATION IN THE FOREIGN SPHERE WILL BE THE PROMOTION OF A PEACEFUL SETTLEMENT OF THE RHODESIA CRISIS.

MR. CALLAGHAN, WHO IS NICKNAMED "SUNNY JIM" IN THE PRESS HERE AND ALSO CALLED "AVUNCULAR," WILL HAVE TO USE HIS POLITICAL WIT TO KEEP THE POWERFUL COALITIONS FROM FALLING APART IN THE COMING MONTHS. THE VERY FACT THAT MICHAEL FOOT

CAME SO CLOSE TO WINNING THIS ELECTION -- HE WAS ONLY 39 VOTES SHORT -- SHOULD SERVE NOTICE ON MR. CALLAGHAN THAT ALTHOUGH HE HAS WON HE WILL HAVE TO LISTEN TO, IF NOT ACT ON, ALL THE ADVICE FROM THE POWERFUL FIGURES OF THE LEFT-WING.

GH/CAK